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SUBJECT: EMBASSY MINSK WEEKLY REPORT - August 14, 2006

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¶1. The following are brief items of interest compiled by
Embassy Minsk.

International Relations

¶2. Parliament Leader Receives Iranian Delegation

On August 9, Chairman of the Belarusian House of Representatives Vladimir Konoplev received a delegation led by Iran's Ministry of Industry and Mines, Ali-Reza Tahmashi. During the meeting, Konoplev maintained Iran and Belarus have no political differences and predicted a tripling of bilateral trade between the countries. Tahmashi echoed Konoplev's sentiments and noted Iran looks forward to President Lukashenko's visit to Tehran. In separate news reports, the Iranian ambassador to Belarus indicated Iranian President Ahmadinejad plans to visit Belarus in "the near future." The Iranian delegation also attended the dedication ceremony of a plant originally built by Ford near Minsk that will assemble a luxury version of the "Samand," an Iranian car powered by a 1.8 liter Peugeot engine which will sell for USD 12,500 each.

¶3. Parliamentary Committee Endorses Free Trade Accord with Ukraine

On August 9, the Standing Committee on International Affairs and Relations in Belarus' House of Representatives recommended ratification of a free trade agreement between Belarus and Ukraine. Deputy Foreign Minister Vasily Pugachev predicted the agreement would increase Belarusian exports to Ukraine, which at present total USD 1.6 billion. Belarus and Ukraine originally signed the agreement in 1992 but the Belarusian parliament never ratified the accord. In 2005, the two countries signed a protocol to clarify provisions of the 1992 agreement.

Political Parties

¶4. Opposition Communist Party Seeks Invalidation of Merger

On August 10, the leadership of the Belarusian Party of Communists (BPC) petitioned the Ministry of Justice (MOJ) to invalidate a controversial convention at which the pro-government Communist Party of Belarus (CPB) proclaimed a merger with the BPC. Following a "merger conference" on July 15, the CPB re-registered several BPC local organizations as CPB chapters. The BPC urged the MOJ to examine the minutes of the merger conference and declare it illegal. According to BPC Central Committee Secretary Yelena Skrigan, no more than seven BPC members participated in the convention despite CPB's claim that 74 BPC members were involved.

15. Convicted NGO Partnership Leaders Transferred to Minsk Detention

On August 10, convicted election observers Nikolay Astreyko and Timofey Dranchuk were transferred from the BKGB detention center to the pretrial detention center on Volodarskogo Street in Minsk. Astreyko and Dranchuk, as well as two others, Aleksandr Shalayko and Enira Bronitskaya, were convicted of running an unregistered organization "Partnerstvo" (Partnership) following a closed-door trial. Astreyko and Dranchuk were sentenced to two years and one year, respectively, in a minimum security correctional institution. The four stood accused under Part 2 of the Criminal Code's Article 193, but were convicted under Article 193.1.

16. Opposition Party Leader Briefly Detained in Mogilev

On August 10, opposition United Civic Party leader (UCP) Anatoly Lebedko and UCP Deputy Chairman Igor Shinkarik were detained by police for an hour and a half during their visit to Mogilev. Police detained the opposition leaders as they were distributing copies of the most recent issue of "Narodnaya Volya" that featured an article by Lebedko. The officers asked the UCP leaders where they had gotten the newspaper copies. Lebedko and Shinkarik were in Mogilev to meet with Artur Finkevich, an opposition youth serving a sentence of two years of "restricted freedom" at a correctional facility. However, they did not succeed in meeting him as he had temporarily been moved elsewhere.

17. Authorities in Western Belarus Crack Down of Human Trafficking

On August 7, police in the western region of Brest reported the break up of six human trafficking rings in the first six months of 2006. During that period, authorities completed 13 criminal cases

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and charged five persons with human trafficking and four others with illegally employing Belarusians abroad. On August 6, Belarusian police arrested a German couple at the Belarusian-Polish border for allegedly attempting to traffic two Belarusian women for prostitution.

18. Five Hunger Strikers in Brest End Fast

On August 9, five hunger strikers in Brest ended their fast as a display of solidarity with fellow protestor Lyubov Rezanovich who was hospitalized two days earlier. Rezanovich had been refusing food since July 5 and began refusing water in early August. On August 8, she was admitted to the first medical unit of the Brest City Central Hospital, which describes her condition as grave. Four taxi minibus owners began the hunger strike in early July to protest penalties that had been imposed on them for failure to pay taxes on their minibuses. Authorities reportedly exempted minibuses imported before April 2004 from taxes but later ordered the owners to pay USD 9,000 to USD 27,000. Nine persons continue the hunger strike.

19. Business Group Complains to Lukashenko about Telecom Monopoly

On August 9, the Minsk City Association of Entrepreneurs and Employers sent a letter of complaint to Belarusian President Lukashenko about telecommunication monopoly Beltelecom's anti-competitive behavior and urged Lukashenko to establish an agency to oversee the enforcement of competition laws. On August 1, Beltelecom raised fees for its point-to-point connection service offered to private Internet providers. Beltelecom has raised its fees for Internet providers by 40 percent and cut its charges for individual clients by between 10 and 40 percent since the beginning

of the year. Independent economist Yaroslav Romanchuk predicts that Beltelecom would gain USD 10 million from the most recent price hike.

¶10. Fixed Capital Expenditures on Food Industry Below Target

On August 10, the Belarusian State Food Industry Concern (Belgospishcheprom) reported that capital expenditures on the Belarusian food industry fell by 40 percent below the GOB target level in the first six months of 2006. According to Belgopishcheprom, fixed expenditures totaled USD 25 million, with the target set at USD 43 million for the period. The GOB had projected an investment of USD 10 billion of fixed capital expenditures in the food industry this year. Belgopishcheprom attributed the shortfall to late purchases of equipment and failure to obtain government loans but noted that modernization is under way at several regional brewing companies, sugar refineries, and tobacco and salt factories.

¶11. Belarusian Steel Works Claims 9.3 Percent Rise in Steel Output

On August 9, the Belarusian Steel Works (BMZ) in Zhlobin reported a steel output of 1,280,100 tons between January and July, an increase 9.3 percent from the same period last year. Exports were projected to rise by 12.9 percent to USD 550 million. BMZ purportedly ranks among the top five steel manufacturers in the Commonwealth of Independent States and reported a 10.5-percent rise in exports in 2005.

¶12. Low Cost Housing to Increase 80 Percent by 2010

On August 10, Belarusian Minister of Architecture and Construction Aleksandr Seleznev promised significant increases in affordable housing by 2010. According to Seleznev, low-price housing, defined as costing USD 350 to 400 per square meter, accounts for 30 to 35 percent of the total volume of new housing. Seleznev predicted the construction of 4.2 million square meters of low-cost housing, about 80 percent of all new housing, and a shortage of "elite, expensive housing" by 2010. He argued that the construction sector would cut the cost of new housing through energy and material saving measures, the standardization of home design specifications throughout Belarus, and new presidential edicts ostensibly intended to promote competitive bidding.

Quote of the Week

¶13. Noting that Belarus' grain harvest would barely exceed seven million tons in 2006, President Lukashenko lamented:

"Seven million tons is enough for a normal life. However, for a very good life and future we need eight million tons. It is high time to provide people with eight million tons. Unfortunately, neither the cabinet, nor the governors, nor peasants have learned

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to gather eight million tons."

Moore